



west virginia department of environmental protection

Office of Oil and Gas
601 57th Street SE
Charleston, WV 25304
(304) 926-0450
(304) 926-0452 fax

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
www.dep.wv.gov

June 03, 2013

WELL WORK PERMIT

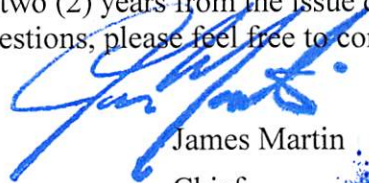
Vertical Well

This permit, API Well Number: 47-2105763, issued to HORIZON ENERGY CORPORATION, is evidence of permission granted to perform the specified well work at the location described on the attached pages and located on the attached plat, subject to the provisions of Chapter 22 of the West Virginia Code of 1931, as amended, and all rules and regulations promulgated thereunder, and to all conditions and provisions outlined in the pages attached hereto. Notification shall be given by the operator to the Oil and Gas Inspector at least 24 hours prior to the construction of roads, locations, and/or pits for any permitted work. In addition, the well operator shall notify the same inspector 24 hours before any actual well work is commenced and prior to running and cementing casing. Spills or emergency discharges must be promptly reported by the operator to 1-800-642-3074 and to the Oil and Gas inspector.

Please be advised that form WR-35, Well Operators Report of Well Work is to be submitted to this office within 90 days completion of permitted well work, as should form WR-34 Discharge Monitoring Report within 30 days of discharge of pits, if applicable. Failure to abide by all statutory and regulatory provisions governing all duties and operations hereunder may result in suspension or revocation of this permit and, in addition, may result in civil and/or criminal penalties being imposed upon the operators.

In addition to the applicable requirements of this permit, and the statutes and rules governing oil and gas activity in WV, this permit may contain specific conditions which must be followed. Permit conditions are attached to this cover letter.

Per 35CSR-4-5.2.g this permit will expire in two (2) years from the issue date unless permitted well work is commenced. If there are any questions, please feel free to contact me at (304) 926-0499 ext. 1654.



James Martin
Chief

Operator's Well No: STEELE NO. 3
Farm Name: RADABAUGH, SHARON E. , ET A
API Well Number: 47-2105763
Permit Type: Vertical Well
Date Issued: 06/03/2013

Promoting a healthy environment.

WW - 2B
(Rev. 8/10)

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS
WELL WORK PERMIT APPLICATION

- 1) Well Operator HORIZON ENERGY CORPORATION GILMER 03 365
Operator ID 3069494 County 021 District GLENVILLE Quadrangle GILMER
- 2) Operator's Well Number: STEELE NO. 3 3) Elevation: 1055'
- 4) Well Type: (a) Oil or Gas XX
(b) If Gas: Production XX / Underground Storage
Deep / Shallow XX
- 5) Proposed Target Formation(s): BIG INJUN, 5TH Proposed Target Depth: 2925'
- 6) Proposed Total Depth: 3200 Feet Formation at Proposed Total Depth: 5TH SAND
- 7) Approximate fresh water strata depths: 300'
- 8) Approximate salt water depths: 1100'
- 9) Approximate coal seam depths: 310'
- 10) Approximate void depths, (coal, Karst, other): NONE
- 11) Does land contain coal seams tributary to active mine? NO
- 12) Describe proposed well work in detail
DRILL & STIMULATE NEW WELL

13) CASING AND TUBING PROGRAM

TYPE	SPECIFICATIONS			FOOTAGE	INTERVALS	CEMENT
	Size	Grade	Weight per ft	For Drilling	Left in Well	Fill -up (Cu. Ft.)
Conductor	13 3/8	LS	36#	20'	NO	
Fresh Water	7	NS	17.5#	800'	800'	TO SURFACE
Coal						
Intermediate						
Production	4 1/2	ERW	10.5#		3075'	80 SKS
Tubing						
Liners						

Packers: Kind
Sizes
Depths Set

Received

A. McCount
5-8-13

MAY 13 2013

Office of Oil and Gas
WV Dept. of Environmental Protection

WV Dept. of Environmental Protection

WW-2A1
(Rev. 1/11)

Operator's Well Number STEELE NO. 3

**INFORMATION SUPPLIED UNDER WEST VIRGINIA CODE
Chapter 22, Article 6, Section 8(d)
IN LIEU OF FILING LEASE(S) AND OTHER CONTINUING CONTRACT(S)**

Under the oath required to make the verification on page 1 of this Notice and Application, I depose and say that I am the person who signed the Notice and Application for the Applicant, and that –

- (1) the tract of land is the same tract described in this Application, partly or wholly depicted in the accompanying plat, and described in the Construction and Reclamation Plan;
- (2) the parties and recordation data (if recorded) for lease(s) or other continuing contract(s) by which the Applicant claims the right to extract, produce or market the oil or gas are as follows:

Grantor, Lessor, etc.	Grantee, Lessee, etc.	Royalty	Book/Page
J.M. GARRETT	U.S.E.C.	1/8	232/395
U.S.E.C.	CONTINENTAL PETROLEUM	1/8	394/487
CONTINENTAL PETROLEUM	AAA ENERGY	1/8	420/545
AAA ENERGY	CONTINENTAL PETROLEUM	1/8	384/374
CONTINENTAL PETROLEUM	HORIZON ENERGY	1/8	DRILLING AGREEMENT NOT RECORDED

**Acknowledgement of Possible Permitting/Approval
In Addition to the Office of Oil and Gas**

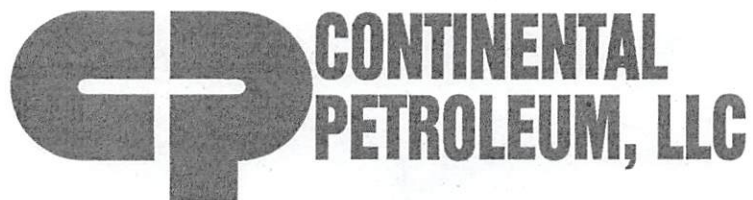
The permit applicant for the proposed well work addressed in this application hereby acknowledges the possibility of the need for permits and/or approvals from local, state, or federal entities in addition to the DEP, Office of Oil and Gas, including but not limited to the following:

- WV Division of Water and Waste Management
- WV Division of Natural Resources WV Division of Highways
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service
- County Floodplain Coordinator

The applicant further acknowledges that any Office of Oil and Gas permit in no way overrides, replaces, or nullifies the need for other permits/approvals that may be necessary and further affirms that all needed permits/approvals should be acquired from the appropriate authority before the affected activity is initiated.

Well Operator: HORIZON ENERGY CORPORATION
By: ROBERT R. JONES II MAY 13 2013
Its: PRESIDENT

Office of Oil and Gas
WV Dept. of Environmental Protection



AGREEMENT

Continental Petroleum, LLC hereby authorizes and assigns drilling and operating rights to Horizon Energy Corporation to enter upon the Steele 72 acres lease located in Glenville District, Gilmer County, West Virginia and drill the following wells:

Steele No. 1

Steele No. 2

Steele No. 3

This agreement will terminate with the exploration date of the state drilling permits acquired in 2013.

CONTINENTAL PETROLEUM, LLC

BY: _____

Robert R. Jones

ITS: Member-Manager

Received
MAY 13 2013
Office of Oil and Gas
WV Dept. of Environmental Protection

WW-2B1

Well No. STEELE NO. 3West Virginia Department of Environmental Protection
Office of Oil and Gas

NOTICE TO SURFACE OWNERS

The well operator named below is preparing to file for a permit from the state to drill a new well. Before a well work permit can be filed with the Chief of the Office of Oil and Gas, the well operator is required to have given notice of the right to request water well or spring analytical testing. This notice shall be given to the owners or occupants of land which have a water well or spring being utilized for human consumption, domestic animals, or other general use and which is located within 1000 feet of the proposed well site.

With this form, the operator is giving you notice of your right to request analytical testing. The operator is required to sample and analyze the water wells or springs of all owners or occupants who request it. Therefore, if you wish to have your water well or spring tested, contact the operator named below.

All sampling shall be completed prior to drilling. Within thirty (30) days of the receipt of such sample analyses the operator shall submit the results to the Chief of the Office of Oil and Gas and to the owners or occupants who may have requested them.

If no water well or spring is located within 1000 feet, the Chief may require the operator to sample and analyze water from a water well or spring within 2000 feet of the proposed well site.

Be advised, you have the right to sample and analyze any water supply at your own expense.

The laboratory used by the operator to analyze the samples will be approved by the Chief. The operator named below has decided to use the following laboratory to analyze the water samples:

<u>XX</u>	Contractor Name	<u>STURM ENVIRONMENTAL</u>
<u> </u>	Well operator's private laboratory	
	Well Operator	<u>HORIZON ENERGY CORPORATION</u>
	Address	<u>P.O. BOX 111</u>
		<u>SAND FORK, WV 26430</u>
	Telephone	<u>304-462-5758</u>

FOR OPERATOR'S USE ONLY: Below, or on an attached page, list those persons which were given this notice. Place an asterisk beside the one(s) that contacted you and requested sampling and analyses. If there were no requests made, indicate by underling which one you have selected to sample and analyze. If there are no water wells or springs within 1000 feet of the proposed site please indicate such.

Received

THERE ARE NO WATER WELLS WITHIN 1000' OF THE PROPOSED WELL LOCATION MAY 13 2013

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS

CONSTRUCTION AND RECLAMATION PLAN AND SITE REGISTRATION APPLICATION FORM
GENERAL PERMIT FOR OIL AND GAS PIT WASTE DISCHARGE

Operator Name Horizon Energy Corp. OP Code 306949

Watershed Sliding Run Quadrangle Gilmer 7.5'

Elevation 1055' County Gilmer District Glenville

Description of anticipated Pit Waste: Water Encountered During Drilling

Do you anticipate using more than 5,000 bbls of water to complete the proposed well work? Yes _____ No X

Will a synthetic liner be used in the pit? Yes. If so, what mil.? 4 20 mil.

Proposed Disposal Method For Treated Pit Wastes:

- ☒ Land Application
☐ Underground Injection (UIC Permit Number _____)
☐ Reuse (at API Number _____)
☐ Off Site Disposal (Supply form WW-9 for disposal location)
☐ Other (Explain _____)

Drilling medium anticipated for this well? Air, freshwater, oil based, etc. Air

-If oil based, what type? Synthetic, petroleum, etc. N/A

Additives to be used? N/A

Drill cuttings disposal method? Leave in pit, landfill, removed offsite, etc. Leave in Pit

-If left in pit and plan to solidify what medium will be used? Cement, lime, sawdust N/A

-Landfill or offsite name/permit number? _____

I certify that I understand and agree to the terms and conditions of the GENERAL WATER POLLUTION PERMIT issued on August 1, 2005, by the Office of Oil and Gas of the West Virginia Department of Environmental Protection. I understand that the provisions of the permit are enforceable by law. Violations of any term or condition of the general permit and/or other applicable law or regulation can lead to enforcement action.

I certify under penalty of law that I have personally examined and am familiar with the information submitted on this application form and all attachments thereto and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment.

Company Official Signature _____

Company Official (Typed Name) Robert R. Jones, II

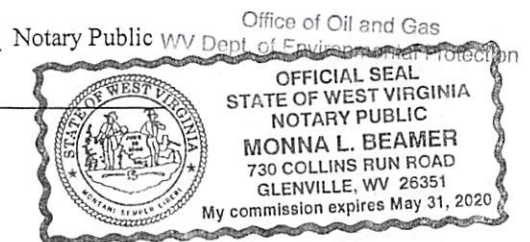
Company Official Title Designated Agent

Subscribed and sworn before me this 7th day of May, 20 13

MAY 13 2013

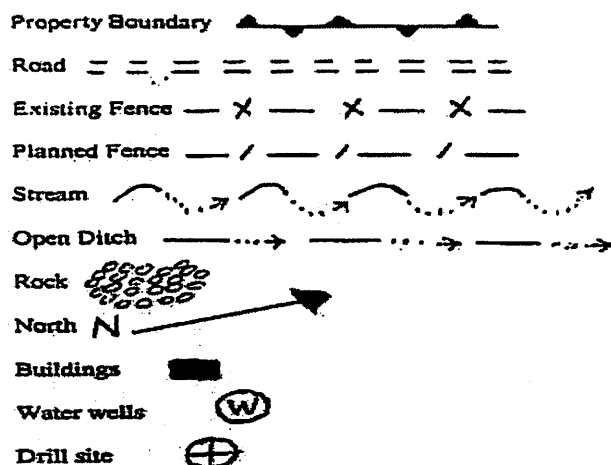
Monna L. Beamer

My commission expires May 31, 2013

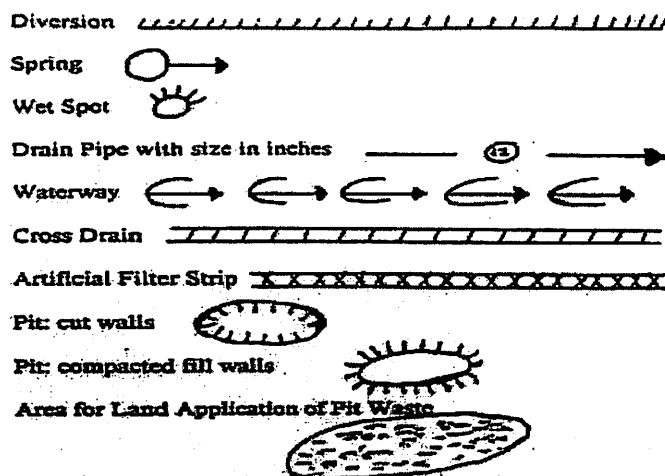


Form WW-9

Operator's Well No. _____



LEGEND

Proposed Revegetation Treatment: Acres Disturbed 1± Prevegetation pH 5.5Lime 2 Tons/acre or to correct to pH 6.5Fertilizer (10-20-20 or equivalent) 500 lbs/acre (500 lbs minimum)Mulch 2 Tons/acre

Seed Mixtures

Area I		Area II	
Seed Type	lbs/acre	Seed Type	lbs/acre
"Wildelife Mix"			
Various Clovers	30%	Same	
White Millet	20%		
Yellow Blossum	10%		
Birdsfoot Trefoil	10%		
Rye	15%		
Orchard Grass	15%		

Attach:

Drawing(s) of road, location, pit and proposed area for land application.

Photocopied section of involved 7.5' topographic sheet.

Plan Approved by: A M CountComments: E&S controls at all times and before rig arrives.

Received

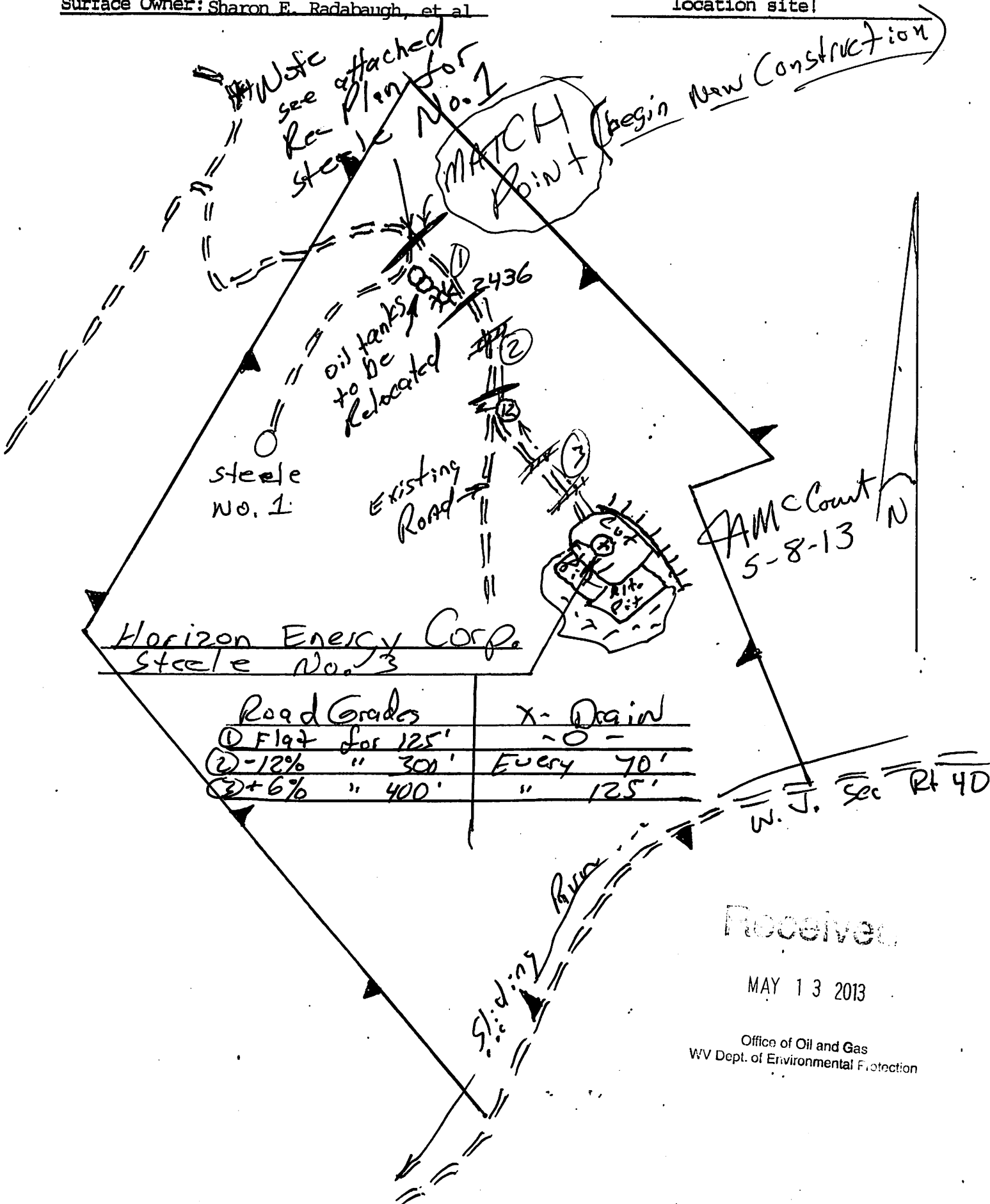
Title: InspectorDate: 5-8-13

MAY 13 2013

Field Reviewed?

☒ Yes☐ NoOffice of Oil and Gas
WV Dept. of Environmental Protection

Note: Topsoil to be stockpiled
for use later in reclaiming
location site!



Horizon Energy Corp.

Note: Topsoil to be stockpiled

Burke Lease 160.2 Ac. No. 6

for use later in reclaiming

Surface Owner: Linda Cottrill

location site!

Horizon Energy Corp.
Burke No. 6

MATCH
Point

Existing Well Road
With existing Culverts
and Cross Drains

AMCcount
5-8-13

Road Grades	X-Drains
① $\pm 2\%$ for 500'	Every 250'
② $+ 20\%$ " 600'	" 45'
③ $\pm 4\%$ " 500'	" 165'
④ $+ 15\%$ " 400'	" 60'
⑤ Flat " 150'	~ 0 -
⑥ $+ 12\%$ " 225'	" 70'
⑦ $- 15\%$ " 300'	" 60'
⑧ $\pm 3\%$ " 250'	" 180'
⑨ $- 6\%$ " 1200'	" 125'

MAY 13 2013

Office of Oil and Gas
WV Dept. of Environmental Protection

Sliding Run
WV. Sec Rt 40

This will be attached to the permit and becomes a part of the permitted activity.

1. Percent (%) of slope and distance of the road must be shown on the plan on all sections of the road from the location to the county road with the county road designation shown as. E.g.

2. Temporary seeding and mulching will be applied to all slopes and cuts on road and location upon construction.

3. All trees 6" and above will be cut and stacked away from any fill before dirt work begins or as construction progresses.

4. Cut and windrow all brush, stumps, and tree tops below fill areas on road and location for sediment control.

5. Ditchlines or diversion ditches will be established where ever water is to be coming from the cut areas on road and location.

6. Culverts will be used upon construction to get rid of all ditchline water and any other running water coming into the roadway. (Spacing to be as per Sediment and Erosion Control Manuel). Headwalls will be established and maintained at the culvert entrance. Sediment control will be established at the outlets by using hay bales or brush or any other method approved by the Inspector.

7. Natural and/or man made filter strips will be maintained based on the distance and slope from construction to the stream as per Sediment and Erosion Control Manuel.

8. Upon Reclamation use cross ditches or water bars for road surface water control only (not for ditchline water). All outlets will have sediment control by using staked hay bales or brush. Spacing will be as follows based on the slope of the sections of road:

% of slope	Spacing Cross Ditches.	% of slope	Spacing Broad Based Dips
1	400 ft.	2	300 ft.
2	250 ft.	3	235 ft.
5	135 ft.	4	200 ft.
10	80 ft.	5	180 ft.
15	60 ft.	6	165 ft.
20	45 ft.	7	155 ft.
		8	150 ft.
		9	145 ft.
		10	140 ft.

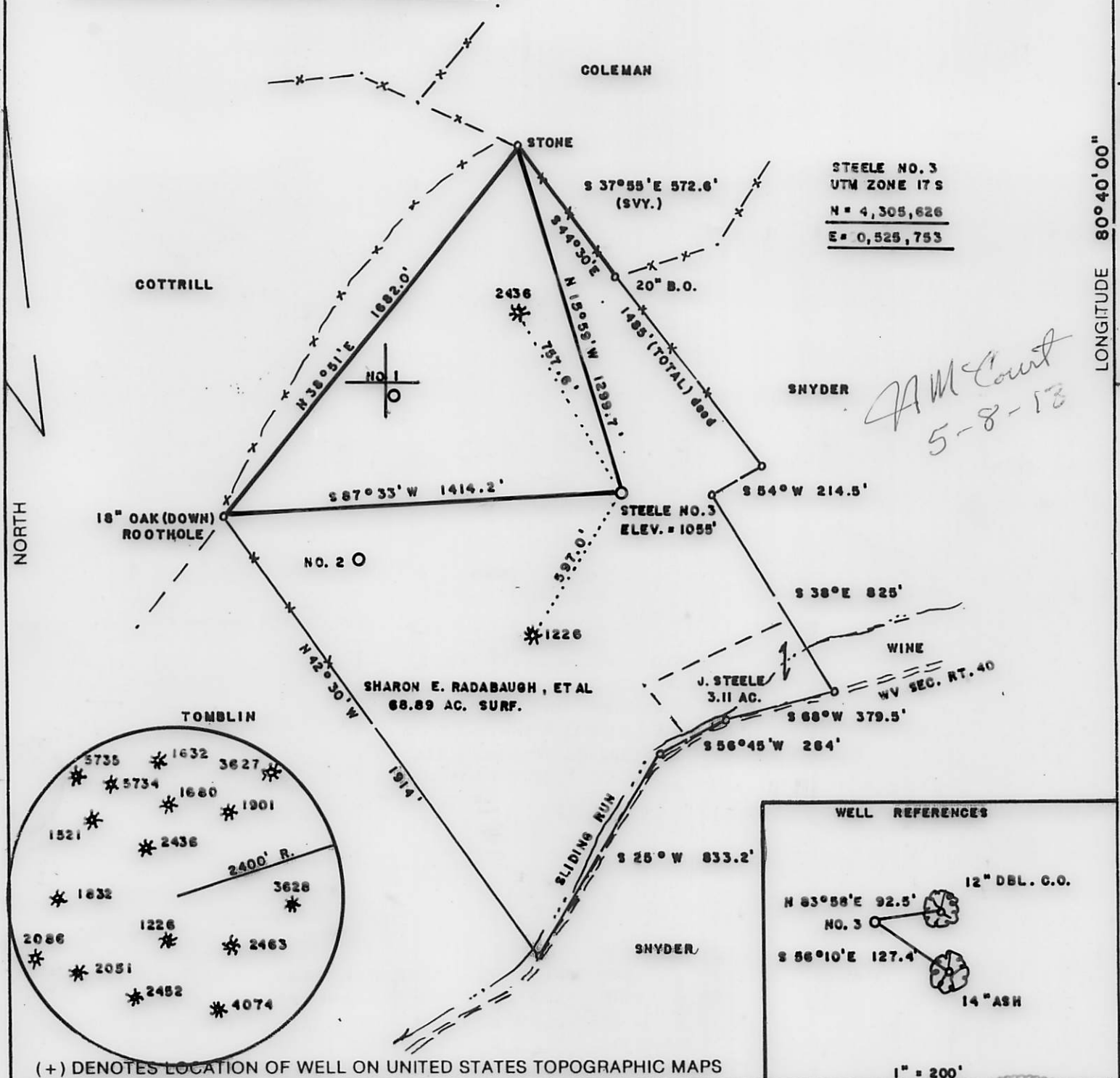
9. The minimum amount of materials to be used for reclamation will be as shown on the plan. The Ph of the soil is to be determined prior to construction and shown on the plan.

10 A liner will be used for the Pit.

Received

MAY 13 2013

STEELE LEASE 72 AC



FILE NO. _____
DRAWING NO. _____
SCALE 1" = 500'
MINIMUM DEGREE OF
ACCURACY 1/200
PROVEN SOURCE OF
ELEVATION BM SOUTH OF LEASE
ELEV. = 843'

I THE UNDERSIGNED, HEREBY CERTIFY THAT
THIS PLAT IS CORRECT TO THE BEST OF MY
KNOWLEDGE AND BELIEF AND SHOWS ALL THE
INFORMATION REQUIRED BY LAW AND THE REGU-
LATIONS ISSUED AND PRESCRIBED BY THE DEPART-
MENT OF ENERGY.

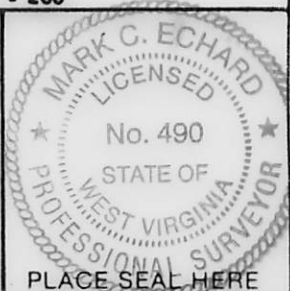
(SIGNED) Mark C. Echard

R.P.E. _____ L.L.S. 490

WELL REFERENCES

12" DBL. C.O.
H 83°58'E 92.5'
NO. 3
S 86°10'E 127.4'
14" ASH

1" = 200'



STATE OF WEST VIRGINIA

Division of Environmental Protection
OFFICE OF OIL AND GAS

DATE MAY 3, 2013

OPERATOR'S WELL NO: STEELE NO. 3

API WELL NO. 47-021-05763

STATE COUNTY PERMIT

WELL TYPE: OIL ☒ GAS ☒ LIQUID INJECTION ☐ WASTE DISPOSAL ☐
(IF "GAS,") PRODUCTION ☒ STORAGE ☐ DEEP ☐ SHALLOW ☒

LOCATION: ELEVATION 1055' WATER SHED SLIDING RUN

DISTRICT GLENVILLE

COUNTY GILMER

QUADRANGLE GILMER 7.5'

SURFACE OWNER SHARON E. RADABAUGH, ET AL ACREAGE 68.89

OIL & GAS ROYALTY OWNERS S&R GAS VENTURES, LTD. ET AL LEASE ACREAGE 72

LEASE NO. _____

PROPOSED WORK: DRILL ☒ CONVERT ☐ DRILL DEEPER ☐ REDRILL ☐ FRACTURE OR
STIMULATE ☒ PLUG OFF OLD FORMATION ☐ PERFORATE NEW
FORMATION ☐ OTHER PHYSICAL CHANGE IN WELL (SPECIFY) _____PLUG AND ABANDON ☐ CLEAN OUT AND REPLUG ☐

TARGET FORMATION 5th SAND ESTIMATED DEPTH 3200'

WELL OPERATOR HORIZON ENERGY CORP. DESIGNATED AGENT ROBERT R. JONES II

ADDRESS SAND FORK ROAD BOX III ADDRESS SAND FORK ROAD BOX III
SAND FORK, WV 26430 SAND FORK, WV 26430